

Message Text

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TO ALL DIPLOMATIC AND CONSULAR POSTS PRIORITY

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INFORM CONSULS

E.O. 11652: N/A

TAGS: ETRD, US

SUBJECT: FACT SHEET ON GSP

SEPTTEL INFORMS POSTS OF APPROVAL US GENERALIZED SYSTEM
OF PREFERENCES NOVEMBER 24 FOR IMPLEMENTATION JANUARY 1.
FOLLOWING IS TEXT OF DEPARTMENT'S FACT SHEET FOR THE
PRESS. POSTS MAY USE AS APPROPRIATE.

FACT SHEET

US GENERALIZED SYSTEM OF PREFERENCES

THE PRESIDENT TODAY SIGNED AN EXECUTIVE ORDER

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AUTHORIZING IMPLEMENTATION OF THE US GENERALIZED SYSTEM

OF PREFERENCES (GSP) WHICH WILL ACCORD DUTY FREE ENTRY TO ELIGIBLE ARTICLES IMPORTED INTO THE UNITED STATES FROM DESIGNATED BENEFICIARY COUNTRIES (BDC'S). OVER 2,700 ARTICLES WILL BE ACCORDED DUTY FREE TREATMENT FOR IMPORTS FROM 137 DESIGNATED BENEFICIARIES.

WHAT IS GSP?

GSP REFLECTS A COMMITMENT BY ALL MAJOR NON-COMMUNIST

COUNTRIES TO IMPLEMENT A SYSTEM OF NON-RECIPROCAL AND NON-DISCRIMINATORY TARIFF PREFERENCES FOR THE BENEFIT OF DEVELOPING COUNTRIES. AS A RESULT OF THAT COMMITMENT MADE IN 1970, 22 OTHER INDUSTRIALIZED COUNTRIES ARE ALREADY PROVIDING GSP. THE US CONGRESS AUTHORIZED THE US GSP AS A PART (TITLE V) OF THE TRADE ACT OF 1974 ENACTED ON JANUARY 3, 1975.

AN IMPORTANT US FOREIGN POLICY OBJECTIVE IS ECONOMIC DEVELOPMENT OF POOR NATIONS. THE BULK OF FOREIGN EXCHANGE AVAILABLE FOR THEIR DEVELOPMENT COMES FROM EXPORT EARNINGS. GSP PROVIDES ADDITIONAL FOREIGN EXCHANGE EARNING OPPORTUNITIES, THUS INCREASING THE ABILITY OF THESE NATIONS TO FINANCE THE FOREIGN EXCHANGE COSTS OF THEIR DEVELOPMENT. AS THEIR DEVELOPMENT EXPENDITURES ARE SUBSTANTIALLY IN DEVELOPED COUNTRIES, GSP BENEFITS ALL COUNTRIES THROUGH EXPANSION OF TRADE.

GSP PROVIDES AN ALTERNATIVE TO PROLIFERATION OF SPECIAL AND REVERSE PREFERENCES WHICH HAVE THREATENED TO COMPARTMENTALIZE THE WORLD INTO TRADING BLOCS AND DISCRIMINATE UNJUSTLY AGAINST EXCLUDED DEVELOPING COUNTRIES AND NON-PARTICIPATING DEVELOPED COUNTRIES. WITH THE ESTABLISHMENT OF THE US GSP, ALL THE MAJOR DEVELOPED COUNTRIES WILL BE ACCORDING GENERALIZED SYSTEMS OF PREFERENCES, IN MOST CASES ON A FULLY GLOBAL BASIS.

HIGHLIGHTS OF THE US PROGRAM

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NINETY-EIGHT INDEPENDENT COUNTRIES AND 39 DEPENDENT TERRITORIES HAVE BEEN DESIGNATED AS BENEFICIARIES FOR THE INITIATION OF THE PROGRAM ON JANUARY 1, 1976. A LIST IS ATTACHED.

2,724 US TARIFF ITEMS HAVE BEEN APPROVED FOR GSP OR NEARLY HALF THE TOTAL. OF THE REMAINDER, MANY ALREADY ENTER DUTY FREE. THE LIST COVERS ITEMS WHICH IN 1974

AMOUNTED TO 25 BILLION DOLLARS OR NEARLY ONE-FOURTH OF TOTAL U.S. IMPORTS, DUTIABLE AND NON-DUTIABLE. SIMILAR TO THE GSP PROGRAMS OF OTHER COUNTRIES, THE U.S. PRODUCT LIST IS CONCENTRATED IN THE AREA OF MANUFACTURES AND SEMI-MANUFACTURES. IT ALSO INCLUDES A NUMBER OF AGRICULTURAL ITEMS WHICH WILL NOW RECEIVE DUTY FREE TREATMENT. IN ADDITION, MANY OTHER AGRICULTURAL AND INDUSTRIAL ITEMS ARE ALREADY ENTERED AT ZERO DUTIES, SO THAT 43 PERCENT OF US IMPORTS, BASED ON 1974 TRADE DATA, FROM BENEFICIARY DEVELOPING COUNTRIES WILL NOW ENTER DUTY FREE.

EXCLUDED FROM ELIGIBILITY WERE A NUMBER OF IMPORT SENSITIVE ITEMS SPECIFIED BY THE LAW. CONGRESS FURTHER REQUIRED THE PRESIDENT TO EXCLUDE OTHER ITEMS FOUND TO BE IMPORT SENSITIVE. THE INTERNATIONAL TRADE COMMISSION EARLIER THIS YEAR EXAMINED ALL ARTICLES PROPOSED FOR GSP TO GIVE THEIR ADVICE WITH RESPECT TO IMPORT SENSITIVITY. THIS FINAL LIST IS A RESULT OF THE ADMINISTRATION'S REVIEW OF THE ADVICE. THE LIST IS BEING PUBLISHED IN THE FEDERAL REGISTER.

RULES OF ELIGIBILITY

THE US GSP SYSTEM IS SIMPLE TO UNDERSTAND AND USE. ALL ELIGIBLE IMPORTS ARE FREE OF DUTY. THERE WILL IN MOST CASES BE A SINGLE VALUE ADDED CRITERION GOVERNING ELIGIBILITY OF PRODUCTS FROM ELIGIBLE COUNTRIES. THE BUREAU OF CUSTOMS REGULATIONS IN THIS REGARD WERE PUBLISHED FOR COMMENT IN THE FEDERAL REGISTER ON OCTOBER 28 AND WILL BECOME FINAL SOME TIME IN DECEMBER. THERE IS A SINGLE LEGISLATIVE REQUIREMENT EXCEPTING GSP TREATMENT FOR PARTICULAR PRODUCTS FOR PARTICULAR COUNTRIES WHICH ARE ALREADY COMPETITIVE IN THE ITEM, UNCLASSIFIED

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WHICH THEREBY ALLOWS OPPORTUNITIES FOR OTHER BENEFICIARY DEVELOPING COUNTRIES TO COMPETE FOR THE MARKET. UNDER THIS "COMPETITIVE NEED" EXCLUSION, A COUNTRY WHICH EXPORTED MORE THAN 25 MILLION DOLLARS OF A PARTICULAR ITEM OR 50 PERCENT OF OUR TOTAL IMPORTS OF THAT ITEM IN 1974 WILL NOT BE ELIGIBLE FOR GSP ON THAT ITEM.

THESE EXCLUSIONS WILL BE REVISED ANNUALLY TO REFLECT ANNUAL CHANGES IN TRADE DATA AND THE 25 MILLION DOLLAR FIGURE WILL BE REVISED TO REFLECT THE SAME PROPORTION OF GNP THAT 25 MILLION DOLLARS REPRESENTED IN 1974.

DATE OF IMPLEMENTATION

JANUARY 1, 1976 WILL BE THE DAY OF IMPLEMENTATION

FOR THE US GSP. PRODUCTS IMPORTED ON OR AFTER THAT DATE WILL BE ELIGIBLE. THUS ELIGIBLE EXPORTS OF COUNTRIES WHICH ARE SHIPPED PRIOR TO THAT DATE MAY QUALIFY IF THEY ARE IMPORTED ON OR AFTER JANUARY 1.

DURATION OF THE PROGRAM

CONGRESS AUTHORIZED THE GSP PROGRAM FOR A PERIOD OF TEN YEARS FROM THE DATE OF ENACTMENT OF THE TRADE ACT OF 1974. THUS, THE US GSP SYSTEM WILL EXTEND UNTIL JANUARY 4, 1985. A TEN YEAR PERIOD WAS AGREED

INTERNATIONALLY AS THE EFFECTIVE PERIOD FOR ALL GSP SCHEMES.

DEPARTMENT OF STATE - NOVEMBER 24, 1975.

LIST OF COUNTRIES AND TERRITORIES ELIGIBLE FOR GSP

"(A) INDEPENDENT COUNTRIES

AFGHANISTAN	ISRAEL
ANGOLA	IVORY COAST
ARGENTINA	JAMAICA
BAHAMAS	JORDAN
BAHRAIN	KENYA
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BANGLADESH	KOREA, REPUBLIC OF
BARBADOS	LAOS
BHUTAN	LEBANON
BOLIVIA	LESOTHO
BOTSWANA	LIBERIA
BRAZIL	MALAGASY REPUBLIC
BURMA	MALAWI
BURUNDI	MALAYSIA
CAMEROON	MALDIVE ISLANDS
CAPE VERDE	MALI
CENTRAL AFRICAN REPUBLIC	MALTA
CHAD	MAURITANIA
CHILE	MAURITIUS
COLOMBIA	MEXICO
CONGO (BRAZZAVILLE)	MOROCCO
COSTA RICA	MOZAMBIQUE
CYPRUS	NAURU
DAHOMEY	NEPAL
DOMINICAN REPUBLIC	NICARAGUA
EGYPT	NIGER
EL SALVADOR	OMAN
EQUATORIAL GUINEA	PAKISTAN

ETHIOPIA	PANAMA
FIJI	PAPUA NEW GUINEA
GAMBIA	PARAGUAY
GHANA	PERU
GRENADA	PHILIPPINES
GUATEMALA	ROMANIA
GUINEA	RWANDA
GUINEA BISSAU	SAO TOME AND PRINCIPE
GUYANA	SENEGAL
HAITI	SIERRA LEONE
HONDURAS	SINGAPORE
INDIA	SOMALIA

SRI LANKA
SUDAN
SURINAM
SWAZILAND
SYRIA
TAIWAN
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TANZANIA
THAILAND
TOGO
TONGA
TRINIDAD AND TOBAGO
TUNISIA
TURKEY
UPPER VOLTA
URUGUAY
WESTERN SAMOA

YEMEN ARAB REPUBLIC
YUGOSLAVIA
ZAIRE
ZAMBIA

LIST OF COUNTRIES AND TERRITORIES ELIGIBLE FOR GSP

"(B) NON-INDEPENDENT COUNTRIES AND TERRITORIES

AFARS AND ISSAS, FRENCH TERRITORY OF THE
ANTIGUA
BELIZE
BERMUDA
BRITISH INDIAN OCEAN TERRITORY
BRITISH SOLOMON ISLANDS
BRUNEI
CAYMAN ISLANDS
CHRISTMAS ISLAND (AUSTRALIA)

COCOS (KEELING) ISLANDS
COMORO ISLANDS
COOK ISLANDS
DOMINICA
FALKLAND ISLANDS (MALVINAS) AND DEPENDENCIES
FRENCH POLYNESIA
GIBRALTAR
GILBERT AND ELLICA ISLANDS
HEARD ISLAND AND MCDONALD ISLANDS
HONG KONG
MACAO
MONTSERRAT
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NETHERLANDS ANTILLES

NEW CALEDONIA
NEW HEBRIDES CONDOMINIUM
NIEU
NORFOLK ISLAND
PITCAIRN ISLAND
PORTUGUESE TIMOR
SAINT CHRISTOPHER-NEVIS-ANGUILLA
SAINT HELENA
SAINT LUCIA
SAINT VICENT
SEYCHELLES
SPANISH SAHARA
TOKELAU ISLANDS
TRUST TERRITORY OF THE PACIFIC ISLANDS
TURKS AND CAICOS ISLANDS
VIRGIN ISLANDS, BRITISH
WALLIS AND FUTUNA ISLANDS INGERSOLL

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